

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK

In re

SKS BOTTLE AND PACKAGING, INC.,

Debtor.

Chapter 11
Case No. 24-11283

DECLARATION PURSUANT TO LOCAL RULE 2015-2

KEN HORAN, hereby declares as follows:

1. I am the President of SKS Bottle and Packaging, Inc., the debtor and debtor-in-possession in the above captioned Chapter 11 bankruptcy case (“SKS” or the “Debtor”), and respectfully submit this Declaration pursuant to Local Rule 2015.

2. The Debtor has filed all required bankruptcy schedules and a summary of the schedules with its petition.

3. The Debtor presently has 21 employees.

4. The Debtor’s inventory, equipment and other contents located at 46 Isidor Court, Suite 100, Sparks, Nevada remain at that address, but are in the custody of the Debtor’s former Nevada landlord, Spanish Springs I LLC, following termination of the Nevada lease.

5. The estimated amount of weekly payroll to employees (exclusive of owners and officers) is \$24,000. The amounts to be paid to shareholders and officers, Ken Horan and Steve Horan, over the next 30-day period is approximately \$18,700.

6. Over the next 30 days, the Debtor anticipates cash receipts of approximately \$175,000 and disbursements of approximately \$180,000.

BACKGROUND AND EVENTS LEADING TO BANKRUPTCY FILING

Background.

7. SKS is a container and packaging supplier, consultant, and designer, specializing in plastic bottles, glass bottles, plastic jars, glass jars, metal containers, and closures.

8. SKS was founded in 1986 by Paul F. Horan. Together with his wife, Barbara, Paul launched SKS from their home garage in Clifton Park, NY. Initially, SKS focused on selling labels and various packaging solutions to a small network of industrial accounts within a 200-mile radius. SKS quickly established a strong reputation for quality products and reliable service, which laid the groundwork for significant future growth.

9. SKS grew rapidly over the ensuing years. By 1992, SKS had relocated to a 15,000-square-foot warehouse in Malta, New York. In the late 1990's, SKS pivoted from traditional catalog sales to an e-commerce model, allowing the company to reach a wider customer base and offer real-time product updates. SKS positioned itself as a modernized, one-stop shop for packaging needs, with a product catalog of over 6,000 SKUs—all stocked and ready to ship.

10. To support this online infrastructure, SKS invested in a custom-built website. This decision not only enabled SKS to control every aspect of the digital shopping experience but also allowed for quick adaptation to customer needs and market trends. The Horan family's commitment to quality also influenced sourcing decisions, with 85% of products procured domestically to ensure superior quality and dependable supply. This focus on local sourcing strengthened SKS's vendor relationships, setting it apart as a trusted partner for customers across various sectors, including cosmetics, food, pharmaceuticals, and consumer goods.

11. In 2011, ownership and management was transferred to Paul and Barbara's sons, Steven, Ken and Shaun Horan, who continued to grow the business. At about this time, SKS began

developing proprietary software to handle all operational aspects, including finance, production, shipping, receiving, marketing, inventory, and sales. This software, SKS Connect, was tailored specifically to the company's needs, integrating and automating processes across departments. During this period, SKS employed up to 10 software developers to maintain and enhance this platform, highlighting the company's commitment to technological advancement as a core business strategy.

12. To expand its national presence, in 2014, SKS opened a 30,000-square-foot distribution facility in Reno, Nevada. This location facilitated faster order processing, sample fulfillment, and reduced freight costs for West Coast clients. By 2016, SKS also occupied 102,000 square feet in Watervliet, New York.

13. In 2018, SKS invested \$13 million to construct a state-of-the-art, 143,000-square-foot facility in Saratoga Springs, with 117,000 square feet designated for production and storage and 26,000 square feet for office space. Designed by UPS engineers, the facility is highly automated, and the layout maximizes throughput and optimizes every stage of the packaging and distribution process.

14. With approximately 350,000 clients in its database, SKS has built a substantial network, a testament to its broad market reach and established reputation. Beyond standard packaging offerings, SKS provides custom consulting services, including the design of molds, labels, and silk-screen decorations, catering to clients who require market-ready packaging solutions.

15. Consistent with these expansions, SKS's revenue grew from \$4.19 million in 2002 to \$44.79 million in 2019. At its peak, SKS had 125 employees.

Events Leading to Bankruptcy Filing.

16. The onset of the COVID-19 pandemic in 2020 brought unprecedented challenges. Initially, amid global disruptions, a surge in demand for essential packaging items led to a significant revenue increase of 18.95%, with annual sales reaching \$53.28 million. However, the supply chain disruptions that followed presented severe challenges. In 2021, SKS's revenue dropped to \$41.43 million. Supply chain disruptions, operational constraints, and extended lead times severely impacted inventory availability and sales. By 2022, the impact of the pandemic and ongoing supply chain challenges continued to strain SKS's operations, and revenue further declined to \$17.31 million. In 2023, revenue declined to \$10.33 million.

17. On July 31, 2023, in order to leverage its equity in its Saratoga facility, SKS completed a sale-leaseback transaction with Green Mountain Electric Supply (“GMES”) whereby GMES purchased the Saratoga facility and leased it back to SKS. The sale proceeds were used to satisfy SKS’s existing mortgage loan and other credit facilities totaling more than \$15 million, funded future rents to GMES, and provided SKS with working capital.

18. In June 2024, GMES loaned SKS \$842,000.00, secured by a first position security interest in all of SKS’s business assets.

19. Unfortunately, the proceeds of the sale-leaseback and loan were not sufficient to allow SKS to adequately meet customer demands, and, consequently, SKS has continued to suffer financially. SKS projects total revenue of \$5.6 million in 2024.

20. In October 2024, SKS’s lease for its Nevada facility was terminated by the lessor. In November, 2024, GMES commenced eviction proceedings for the Saratoga facility.

21. SKS commenced this Chapter 11 case in order to preserve its assets and business operations for the benefit of its creditors, employees and the Horan family.

22. I declare under penalty of perjury that the foregoing is true and correct.

Dated: November 18, 2024

SKS BOTTLE AND PACKAGING, INC.

By: s/Kendall Horan
Kendal Horan, President